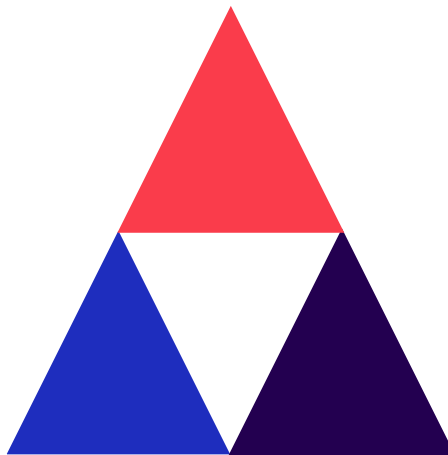




▶ The impact of Digitalization in the Finance Sector

Technical Meeting on the Impact of Digitalization in the Finance Sector ¹
(Geneva, 24–28 January 2022)

Note on the proceedings



Sectoral Policies Department
Geneva, 2022

¹ In accordance with established procedures, this Note will be submitted to the 346th Session of the Governing Body of the ILO (October–November 2022) for its consideration.

▶ Contents

	Page
I. Introduction	5
II. General discussion.....	6
III. Consideration of the proposed points for discussion	10
IV. Consideration of the draft conclusions	22
V. Adoption of the conclusions.....	29
VI. Closure of the Meeting.....	29

▶ I. Introduction

1. The Technical Meeting on the Impact of Digitalization in the Finance Sector was held from 24 to 28 January 2022. The Governing Body of the International Labour Office (ILO) decided at its 335th Session (March 2019) to convene the Meeting which, due to the travel restrictions resulting from the COVID-19 pandemic, was held in a mixed face-to-face and virtual format. The purpose of the Meeting was to discuss challenges and opportunities relating to the impact of digitalization on the future of work in the financial sector, with particular focus on global trends and on policies, strategies and good practices to advance decent work in the sector.
2. The Chairperson of the Meeting was Mr Abdulla Murad Al-Mullahi, Assistant Director-General, General Directorate of Planning for Planning Affairs, Ministry of Labour (Oman). The Government Vice-Chairperson was Mr Juan Francisco Pozo Mejía (Ecuador), the Employer Vice-Chairperson was Mr Giancarlo Ferrara and the Worker Vice-Chairperson was Ms Rita Berlofa. The Secretary-General of the Meeting was Ms Alette van Leur, Director of the Sectoral Policies Department (SECTOR), the Deputy Secretary-General was Mr Shinichi Akiyama, Deputy Director of SECTOR, and the Executive Secretary was Ms Margherita Licata, who were assisted by Mr Oliver Liang, Head, Public and Private Services Unit, and Mr Taher Mohammad, Coordinator of the secretariat services.
3. The Meeting was attended by 106 participants, including 40 Government representatives and advisers, as well as 13 Employer and 18 Worker representatives and advisers, and 2 observers from intergovernmental organizations and invited international non-governmental organizations.
4. The Chairperson welcomed the participants to the Meeting, where they would be discussing the key issue of digitalization and its impact on the financial sector. He emphasized the essential role played by the financial sector not only in employment creation, but also in national economic development and the financial inclusion of men and women. The increased pace of digitalization was transforming the way in which financial services were provided as well as jobs in the sector. The landscape in the sector was becoming more complex, with the emergence of fintechs, insurtechs and technology companies. Such transformations were bound to change the working lives of workers and the business models of many enterprises, the organization of work and conditions of work in the sector. Digitalization in the sector had encouraged financial inclusion, especially in developing countries, by contributing to enterprise development, reaching communities not able to access the banking system and empowering women. The COVID-19 pandemic had shown the key role that the financial sector could play in the recovery by supporting access to credit by individuals and enterprises and helping them cope with economic uncertainties. The pandemic had also created more demand for digitalized financial services, which could have long-lasting effects on the way in which financial services were provided. The financial sector had been at the forefront of changes in the way work was carried out, which had affected everyone, with the increased use of remote work and flexible working arrangements. It would be important to focus on the implications of these changes on skills development, working conditions and occupational safety and health (OSH), including with respect to psychosocial risks and work-life balance in the context of a more digitalized world of work. The accelerated use of digitalization in the sector also focused attention on the regulatory environment and other measures to address the unwanted effects of digitalization on the workforce, including issues relating to workers' privacy and data protection. He invited the tripartite constituents to use their knowledge and experience to explore the various issues with a view to identifying key areas in which all constituents could work together to make progress through robust and constructive social dialogue to find solutions supported by all the partners.

5. The Secretary-General welcomed all the participants to the Meeting, and particularly those who were new to the ILO, including representatives from ministries of finance and from organizations working on financial issues. Following its discussion of the challenges and opportunities relating to the impact of the rapid advance of digitalization in the financial sector and how it was changing the world of work, it was hoped that the Meeting would adopt conclusions and recommendations that would guide the sector in the years to come. The financial sector acted as the oil in the engines of economies around the world by providing access to finance, which was vital for entrepreneurship development and employment creation, especially for youth in emerging and developing countries, and also allowed enterprises to invest in sustainability and innovation. Through digitalization, millions of people and enterprises in rural and remote areas had access to financial products. Women benefited in particular from access to financial markets and credit, thereby contributing to their economic and social empowerment. However, the rapid pace of digitalization also raised issues relating to the transformation and elimination of jobs, with occupational shifts that could result in decent work deficits. Issues relating to decent working conditions, skills development, data protection and financing would need to be addressed to ensure that the sector could continue to contribute to sustainable growth at the national level. The Meeting offered an opportunity to look at the financial sector through the lens of the ILO's Decent Work Agenda and international labour standards, which had become even more urgent as the world continued to struggle with the COVID-19 pandemic. The pandemic had further accelerated the digitalization of work processes, recourse to remote working and automation, which needed to be discussed to ensure decent and sustainable work in the sector.
6. The Executive Secretary introduced the issues paper prepared for the Meeting (TMDFS/2022), which analysed the structure and extent of the financial sector and its contribution to the economy. It examined megatrends in a digitalized financial sector environment in the context of globalization, demographic developments and environmental sustainability, including technological developments, technology-driven synergies with other sectors and the manner in which the digitalization of financial services was contributing to financial inclusion and enterprise development. The issues paper focused in particular on the challenges and opportunities for decent work in the context of digitalization in the financial sector, with a review of job trends in the sector and the vital importance of skills and lifelong learning in the context of digitalization, as well as social protection, changes in the organization of work, OSH issues, and violence and harassment at work. It focused on the situation with regard to fundamental principles and rights at work, and the importance of social dialogue in ensuring that the impacts of technology-based changes were managed better and in improving the situation in relation to such basic issues as gender equality and non-discrimination. Finally, it identified regulatory issues relating to the digitalized financial services sector, with particular reference to data protection and surveillance and the role of technologies in fostering responsible business conduct.

▶ II. General discussion

7. The Employer Vice-Chairperson welcomed the opportunity for a tripartite exchange in the context of the large-scale digital transformation in the financial sector, in which new technologies were revolutionizing the way in which financial services companies operated. Digitalization, disruptive innovation and new technologies were changing traditional business models and processes by generating new entrants, changing delivery channels and requiring changes in jobs and skills in financial services. As a result, banks and other financial companies were having to adapt their business models to change how they interacted with customers, manage their middle and back-

office operations and remain competitive and ready for the future. Although digitalization had been around for decades, its impact and the speed of diffusion and change now seemed unprecedented. It was therefore very timely for the ILO tripartite constituents to take stock of the situation through social dialogue and tripartism, which were fundamental in fulfilling the mandate of the ILO. It was necessary to foster a collective understanding of digitalization and determine how policymakers could create an enabling environment for innovation in order to grasp its enormous benefits, including in terms of job opportunities, through the development of an agile and dynamic approach.

8. The sector played a key role in modern societies by promoting economic growth and pro-employment macroeconomic conditions through the provision of financial services, the preservation of financial stability and the promotion of foreign direct investment. Digital finance also created opportunities to develop better banking and financial products and services for consumers and new ways of channelling funding to businesses, in particular small and medium-sized enterprises (SMEs), thereby improving financial inclusion. Digital finance could support economic recovery in the aftermath of the COVID-19 pandemic and might also enable structural change and the transition towards a low-carbon economy. In addition, the sector played an important role in poverty reduction and in addressing inequalities by expanding access to finance and banking services to poor and vulnerable groups, facilitating financial risk management, and channelling capital for investment and productivity growth, leading to higher per capita income. As account holders, individuals had access to banking and financial services, such as credit and insurance, with a view to starting up and expanding businesses, investing in education and health, and managing and diversifying risk more effectively to cope with economic shocks, which could contribute to raising standards of living. The importance of the finance sector was illustrated by the recognition in the 2030 Agenda for Sustainable Development of its enabling role for 7 of the 17 Sustainable Development Goals (SDGs).
9. While acknowledging the difficulties imposed by a virtual format, the Employers hoped to achieve consensus in a manner that allowed participants from all regions of the world to engage in the discussions, respecting as much as possible the agreed working hours and agreeing on conclusions that were concise, precise and reflected the points of consensus identified during the general discussion. If there was clear disagreement on certain aspects of the discussion, those elements should not be included in the conclusions. Focused and succinct conclusions would support the provision of action-oriented guidance that could be implemented at the national level.
10. The Worker Vice-Chairperson emphasized the deep changes within the sector and its fundamental importance for society as a whole had been highlighted by the COVID-19 pandemic, when it had become clear that workers in the sector needed to be recognized as essential workers, as they had continued to serve all categories of workers, families, citizens and businesses despite the heavy workload and the risk to their own lives, in order to safeguard the financial needs of society. They were essential because, after 12 years of constant restructuring following the financial crisis, including radical changes to their work and job losses, they had maintained a high level of professional competence and shown that they cared for all the categories of people who used their services.
11. The need for the financial sector to continue fulfilling its social purpose should not be lost sight of in the quest for the cost savings enabled by digitalization. Criteria were needed for the social reversion of corporate profits and for sustainability, which encompassed social responsibility, social justice and environmental considerations. Mechanisms were required to guarantee financial inclusion and digital literacy as citizens' rights, so that digitalization did not exclude the most vulnerable sectors of society or those with less access to digital financial services. It was necessary to take action at the national level to define and develop public financial instruments

that improved access, particularly by increasing the proximity of financial services to the population and ensuring the necessary human capital for the effective provision of such services. The concentration and restructuring processes precipitated by digital transformation should be covered by agreements reached through collective bargaining to ensure that they were not the product of traumatic unilateral measures leading to job destruction and the worsening of working conditions. Member States should support a social contract to ensure that jobs were replaced based on an intergenerational pact with a gender perspective to ensure the access of new professionals to the sector.

- 12.** Changes in the organization of work resulting from digitalization in the sector should be covered by rules agreed upon with workers' representatives in sectoral and company agreements. Innovative dialogue structures would need to be developed to deal with changes in the organization of work through protocols for a fair digital transition. In this context, important aspects of the new reality of work in the sector which would need to be covered by negotiations and rules included remote working and teleworking, and digital rights, such as the recognition of the right to disconnect, with a view to preserving the health of workers and respect for working-time limits in accordance with ILO standards. The right to a work-life balance was the responsibility of all concerned and needed to take into account family responsibilities. It was also important to ensure the right to privacy in the use of digital devices in the workplace, including the right to privacy in relation to video surveillance, sound recording and geolocation devices, and the privacy of workers' personal data. Training should be focused on both digital skills and the competencies required to ensure good customer service. In particular, remote work should be voluntary and covered by collective bargaining. Protocols on the use of the digital devices adopted by enterprises should be negotiated to guarantee workers' rights. Data needed to be at the service of people, and not the other way round. For this purpose, it was essential to ensure that workers and their representatives were aware of the data that was used by the parties, its purpose and the logic behind algorithms. Decisions about workers should not be made solely and exclusively on the basis of algorithms.
- 13.** The changes in professional profiles that were required and would be required in future in the financial sector as a result of digitalization should not lead to the replacement of the current workforce by workers with different skills, but the retraining of current workers. Responses to the unprecedented speed of digitalization in the sector should be global, but should also take into account regional differences in such areas as demography, access to digitalization and to the internet. There therefore needed to be a firm commitment by all the parties to training and lifelong learning. Moreover, training should not be limited to digitalization, but should cover all the skills required to provide excellent customer service. Customers continued to demand personalized advice, and enterprises in the sector should therefore continue to prioritize quality service and relations with clients as an aspect of corporate responsibility, rather than digital banking. Moreover, protocols and agreements were needed on the responsible and sustainable sale of financial products to avoid any repetition of the financial crisis of 2007–08. Enterprises in the sector should therefore anticipate and plan future skills needs with a view to the training and reskilling of current staff and the training and qualification of future workers, with the collaboration of governments for the development of appropriate national employment and skills development policies. The knowledge that had enabled technological progress was the result of public investment in education and training, and the gains should therefore be shared by everyone. Digitalization could not be implemented at the cost of workers and their families. For this reason, in many countries, such as the United Kingdom of Great Britain and Northern Ireland, the reduction of the working week to four days in the sector was under discussion with a view to reducing job losses. Enterprises should commit to training staff in digital services so that they could adapt to new jobs and to prevent and eradicate digital gaps.

- 14.** With respect to health, digitalization in the sector was leading to increased psychosocial risks and illnesses, which must be recognized as occupational diseases. To minimize the risk, it was necessary to carry out regular psychosocial risk assessments and adopt preventive measures. Digitalization had further increased the sedentary lifestyle, with an impact on workers' health, which should be addressed through preventive protocols and measures agreed upon by the parties. The cyberbullying that could be associated with digitalization also needed to be assessed and covered by preventive protocols. In terms of gender equality and discrimination, as over 50 per cent of the workforce in the sector was composed of women, it should be seen as a reference in terms of equality and the empowerment of women. Digitalization in the financial sector could therefore be a good tool to achieve the goal of eradicating gender gaps in terms of both professional roles and wages. The opportunity offered by digitalization should be seized upon to introduce social changes that reinforced the co-responsibility of men and women so that women could develop their careers on equal terms with men, avoiding the double burden of work and care. Day-care allowances should be maintained, irrespective of whether work was carried out at the workplace or remotely, as an example for other sectors.
- 15.** Digitalization had also led to changes in social dialogue and collective bargaining. As digitalization was a factor in corporate restructuring, with effects on employment and conditions of work, collective bargaining should be recognized as the appropriate means of facilitating adequate and fair governance of its impact and of achieving more dynamic and proactive labour relations by anticipating changes and their effects. Digitalization could therefore provide an opportunity to improve social dialogue through more balanced labour relations, thereby preventing the risk of fragmentation and exclusion. The right of trade unions to information needed to be improved in the context of digitalization, including the requirement for employers to inform workers' representatives of all technological changes that would be introduced where they affected employment or would result in substantial changes in working conditions. Moreover, digitalization had increased remote work and the use of digital devices that were under the constant control of employers, which created challenges for the interaction of workers with their union representatives. The right therefore needed to be recognized, not limited, of workers to communicate with their union representatives in privacy and to receive union information. As concluded by the Global Dialogue Forum on the Impact of the Financial Crisis on Finance Sector Workers, held by the ILO in 2009, social dialogue had played a key role in mitigating the impact of the crisis and finding appropriate solutions. The same applied to the impact of digitalization on the financial sector. Moreover, as indicated in 2009, information and consultation were also important in multinational enterprises, where global framework agreements could play an important role. It was clear that collective bargaining had a key role to play at the national, multinational and sectoral levels.
- 16.** The Government Vice-Chairperson agreed that the financial sector played a key role in the economy by offering both individuals and businesses access to financing, markets and payment systems. In many countries, and increasingly in developing countries, the sector made a significant contribution to employment. Through financial inclusion, it facilitated enterprise development, a reduction in the rural-urban gap, the increased participation of women and it benefited SMEs. It also supported growth and employment in other economic sectors and was becoming ever more closely linked to information and communication technologies (ICTs). The increased pace of technological change was making the financial sector more complex, with the emergence of fintechs and insurtechs, as well as non-financial actors (bigtechs), which all had the capacity to process, use and monetize a huge quantity of data. The new situation had implications for the regulatory framework, which would need to be adapted to the new digitalized panorama of the financial sector, as well as for decent work. Issues relating to skills development, lifelong learning and changes in the profession which benefited workers with higher skills levels would

need to be taken into account. Governments needed to take into consideration the implications of the replacement and loss of jobs as a result of digitalization in the sector, as well as issues relating to new agreements on working time and their implications for working conditions and OSH, particularly in the context of teleworking. Consideration should also be given to the emerging risks relating to data protection and privacy, and the adaptation of responsible corporate conduct to a more digitalized sector. In this context, many Member States were adopting measures to ensure continued scrutiny of these priorities, and to ensure equal access to financing and technology, while respecting the principles of data protection and privacy. Governments were looking forward with great interest to this discussion and to finding out how those responsible in the various countries were approaching the labour and employment challenges faced in the sector, which was fundamental to releasing the potential of the financial sector to promote sustainable growth and decent work in a context of growing technological change.

► III. Consideration of the proposed points for discussion

- 1. What are the challenges and opportunities for the promotion of decent work in the financial sector in the context of digitalization and the COVID-19 pandemic, and particularly in relation to the four strategic objectives of the Decent Work Agenda: international labour standards and fundamental principles and rights at work; employment (including job creation, job transformation and job losses, productivity growth, an enabling environment for sustainable enterprises, recruitment and retention, skills and lifelong learning); social protection including social security, occupational safety and health, and other working conditions; and bi-partite and tripartite social dialogue? What have been the key drivers of change in the sector, such as globalization, digitalization and technology, demographic changes, and environmental sustainability?**
17. The Employer Vice-Chairperson, turning first to the many opportunities linked to the digital transformation, emphasized the positive contribution of the financial sector in terms of the massive opportunities offered by digitalization and the critical role it could play in enabling financial inclusion and expanding banking and financial services, which could contribute to closing financial disparities, enabling structural change, promoting innovation and productive entrepreneurship, facilitating enterprise development, and allocating capital to support the transition to a low-carbon economy. The COVID-19 pandemic had acted as a strong catalyst on the sector and significantly increased the importance of digitalization by reinforcing certain pre-existing trends. The massive switch to digital solutions during the early stages of the pandemic, for both customers and the workforce, had been instigated not only by the need to reduce social interactions, but also by increased working from home and other flexible arrangements. Digital finance coupled with flexible working arrangements had helped enterprises and the workforce to continue operating and teleworking safely while coping with the unprecedented situation created by the pandemic. The positive impact of technological innovation and digital finance in the context of the pandemic would also appear to be key in the medium term for the relaunching and

modernization of economies across sectors. The deepening of digital banking and financial services would support and facilitate the implementation of the economic recovery strategies adopted by governments to mitigate the social and economic damage caused by the pandemic.

- 18.** However, the advantages of digitalization went far beyond its immediate impact in relation to the pandemic, as it offered benefits for businesses, the workforce and customers. Digitalization allowed banks and financial institutions to expand services and increase efficiency by reducing transaction and operating costs and increasing productivity. It also helped improve the processes, created new financial products and services and delivery channels, responded to customer expectations and assisted management by providing timely data for decision-making. As the sector was highly transaction-based and generated large amounts of data, automatic processing allowed businesses to operate far more efficiently and make use of technologies, such as artificial intelligence (AI) and data analytics, to retain and expand the customer base, while managing risks. For workers, digitalization offered both operational and individual advantages. Digital tools in workplaces could provide many new opportunities and possibilities for the flexible organization of work to the benefit of workers. Digitalization could help in automating and optimizing end-to-end processes, allowing workers to focus on core tasks and to interact with their clients through digital channels. Digitalization thus improved employee efficiency, reduced human errors and ultimately offered greater flexibility in terms of both working conditions and service delivery. From the viewpoint of customers, increased client expectation was often identified as the key driver for digitalization across the industry: there had been strong demand for online or mobile bank services because of the better online experience and functionality that they offered, as well as more attractive rates or fees and a better quality of service. Digitalization not only therefore responded to their expectations, but was also driving competition among financial services providers to launch newer and more technologically advanced products and services, to the benefit of customers.
- 19.** Moreover, digitalization was encouraging financial inclusion across the globe, which was a key enabler of economic growth. It was increasing the speed, security and transparency of transactions and allowing the development of sustainable financial products tailored to the needs of people. Technology was removing barriers to the provision of financial services, such as lack of identification and formal income, and geographical distance. Digitalization was also essential for business at the macro level as a pillar for productivity improvement and in securing new market opportunities.
- 20.** Digitalization created significant employment opportunities for the sector, with good working conditions. While technology had indeed replaced certain qualifications, new and diverse jobs had been created and would continue to be created, such as cybersecurity specialists, credit analysts, robot programmers, blockchain architects and process modeler experts, and delivery managers. For example, as blockchain technologies became increasingly integrated in the finance industry, there would be a greater need for roles in security fields in such areas as encryption and identity protection. Demand was shifting away from traditional roles, such as IT project managers and IT support, to product owners and software engineers. A wider and more diverse range of careers in security-related matters would evolve and offer new opportunities for finance professionals. An illustrative example was Singapore, where the financial sector had added 2,200 net jobs in 2020, when the economy as a whole had shed 180,000 net jobs. Over the past five years, the financial sector had created 21,000 net jobs, and it was estimated that one in four of those net jobs stemmed from the introduction of new technologies. The sector was clearly continuing to offer significant career opportunities, with more jobs being created than replaced in specific countries. The important point was that the new jobs were different from those in the past. Hence, to ensure that the finance sector could continue to be a generator of decent work, it would be

necessary to ensure that upskilling and reskilling responded to current and future labour market needs.

21. Turning to the challenges linked to digitalization, which were mainly related to persisting and deepening skills gaps in the industry, he emphasized that skills constraints were already impeding the ability of organizations to grow and compete and were putting at risk the opportunities outlined above. There was an urgent need for education and vocational training programmes to be adjusted to the current needs of enterprises across sectors so as to develop digital skills and technical competencies. Such programmes had become even more urgent in view of the consequences of the pandemic.
22. Another key challenge for the industry was the need to close the financial digital divide. According to the latest figures, nearly one third of adults, or 1.7 billion people, were still unbanked worldwide, in the sense that they did not have access to essential banking and financial services. About half of unbanked people worldwide consisted of women, poor households in rural areas, people who were out of the workforce or in the informal economy. The gender gap in account ownership remained at 9 percentage points in developing countries, preventing women from being able to control their financial lives effectively. Financial inclusion and deepening, which required the promotion of a vibrant financial sector, therefore needed to be at the heart of development programmes so that everyone could have access to the benefits generated by digitalization.
23. Cyber risk was another significant challenge for both employers and workers. The huge volume of data that was sent out across the web increased entry points for criminals to access, hack and/or leak personal data and bank account information. Data privacy and cybersecurity would continue to be among the most serious problems facing the industry, as attackers used increasingly sophisticated methods due to the proliferation of technology platforms. By way of illustration, the number of attacks against the financial sector had increased 238 per cent globally between the beginning of February and the end of April 2020. Appropriate security protection and adequately trained staff were therefore indispensable. In this context, there were concerns associated with the massive investments required from companies both financially and in terms of human resources in the constant struggle to stay ahead of hackers and competition. These constraints were often exacerbated by the high cost of meeting regulatory compliance requirements, which had increased over the years, and often forced banks to divert resources from digital transformation initiatives, thereby constraining their longer-term strategies.
24. Finally, while finance was generally a highly formalized sector, there might be cases of informal employment in developing countries, particularly in low-skilled jobs. If the challenge of upskilling and reskilling was left unattended, informal employment could increase. It could therefore be concluded that digitalization was no longer an option, but a must for all businesses if they wished to remain sustainable and competitive. To ensure that the industry was able to take advantage of the opportunities available, while addressing the challenges, there was a clear need for an enabling business environment which fostered innovation, skills development, and policies that focused on productivity and investment in critical digital infrastructure.
25. The Worker Vice-Chairperson referred to the points made in her previous statement.
26. A Worker representative recalled that changes in the sector and throughout the world of work had gained pace due to the impact of the COVID-19 pandemic, leading to a situation in which job losses were common everywhere and were supplementing those suffered prior to the pandemic. For example, in the eurozone there had been around 500,000 job losses in the sector over the previous ten years, while the figures were 20,000 job losses in Spain in 2021 and 7,000 in Brazil over the past 12 months. The sharp reduction in jobs was a result of deep-rooted restructuring processes, mergers, acquisitions and consolidation in larger financial companies. Digitalization

was also increasing the trend to outsource services, including to non-financial enterprises. Remote working raised significant risks in that respect, especially if it was seen not as a new type of work arrangement but as a means of cutting costs. According to international research, remote working was being adopted by many enterprises with the aim of saving around €5,000 a year for each employee. Digitalization and new working arrangements needed to be geared towards the development of a fairer financial sector which served people and the economy, rather than a means of cutting costs or reducing jobs. There was a joint responsibility to use the opportunities available through digitalization to move towards new forms of work in which people were treated as key human resources, with a view to creating new and different jobs, without sacrificing rights.

- 27.** The Government Vice-Chairperson said that it was fundamental to recognize the importance of the financial sector for national development, and particularly in generating youth employment and promoting the financial inclusion of women. It was of great importance to adopt policies that promoted decent work in the sector, taking into account all needs, so that it could fulfil its functions in an optimal manner. At the same time, important challenges were to ensure massive access to finance, especially in developing countries, to regulate the manner in which technology facilitated skills acquisition and to focus on new skills for inclusion. A key priority was to address skills gaps in order to leverage the potential for job creation in the sector, as well as other sectors also undergoing digitalization processes. Another key priority was to ensure access to new technologies and networks and regulate the use of algorithms that defined access to financial services to ensure that citizens were not excluded. Other challenges included the requirement to increase cybersecurity and regulate the use of sensitive information.
- 28.** An Employer representative emphasized the importance of the role played in Europe by the social partners and governments, as well as other actors involved in digitalization in the sector. In Europe, the social partners had focused on improving working conditions as new digital technologies were introduced. Indeed, research by the European Foundation for the Improvement of Living and Working Conditions (Eurofound) had found that the social partners had been quite successful in improving working conditions in the financial and other sectors. However, the support of governments was necessary to achieve progress in digital literacy, infrastructure and regulation. He emphasized the need for a level playing field so as to be able to guarantee high-quality working conditions. Government support and policies were therefore vital to ensure equality of access to digital infrastructure, digital literacy and the upskilling and reskilling of the workforce to ensure the provision of digital services and promote decent, sustainable and productive work in the sector.
- 29.** A Worker representative emphasized that sustainable finance consisted of taking responsibility for the role of finance in society as a whole and ensuring the conditions of workers in the sector. Over 50 million jobs had been lost worldwide as a result of the COVID-19 crisis. In this context, the financial sector had a particularly important role to play in the recovery by supporting financial development and growth. The manner in which the digitalization of the financial sector was undertaken was extremely important, as the result could include or exclude millions of people from access to financial services and advice, depending on their level of financial literacy, digital skills and access to digital infrastructure. It was encouraging that over 270 banks representing nearly half of banking assets worldwide had now signed up to the United Nations Environment Programme (UNEP) Principles for Responsible Banking, which called on signatories to align their strategies and practice with the vision set out in the SDGs and the Paris Agreement on Climate Change and to engage stakeholders in the achievement of these goals. The Meeting offered an important opportunity for the social partners to show their support for such initiatives and to emphasize that social dialogue and business strategies aligned with the SDGs were key for a sustainable financial sector.

30. The Employer Vice-Chairperson noted that, while everyone shared the concerns expressed relating to the impact of digitalization on the sector, it had to be recognized that digitalization was here to stay and offered many potential benefits. While it might lead to job losses, it was also creating new jobs and reshaping occupations in the sector. There was already job growth in some areas and job losses in others, and such changes were not only due to digitalization, but also to the general environment in which the sector operated. Reskilling, retraining and lifelong learning would be essential to capture the benefits of digitalization in the sector. Meanwhile, regulatory issues persisted. It was essential to take action to reduce gaps in access to financial services, promote the employment of women and young people and ensure that the basic workers' rights set out in ILO standards were implemented in each country. It was important for all constituents to come together and find common ground on the digitalization process, as digitalization would be a key driver for the future of the sector, with the potential to create both positive and negative effects, depending on the manner in which it was addressed.
 31. The Worker Vice-Chairperson added that, even though employment in the sector might be changing, it was essential to uphold workers' rights. While there were opportunities for growth in the sector, they needed to be based on a foundation of workers' rights. To achieve this objective, it was essential to avoid precarity, for which purpose the provision of on-the-job training was fundamental. Workers needed to be provided with up-to-date information on plans for digitalization in the sector so that the appropriate policies could be adopted focusing on upskilling and working conditions.
- 2. Which policies, measures and practices have worked, which have not worked, and what needs to be done to better address the challenges and promote decent work opportunities in the sector, especially as concerns: harnessing the fullest potential of technological progress and productivity growth, including by reducing the digital divide between people and countries; ensuring appropriate privacy and personal data protection, and other issues related to a changing organization of work, including the increasing use of remote work in the context of the COVID-19 pandemic; promoting the acquisition of skills, competencies and qualifications for all workers throughout their working lives; promoting sustainable and inclusive economic growth, the creation and development of sustainable enterprises, financial inclusion, access to finance and the promotion of innovation; ensuring adequate protection for all workers; and fostering employers' and workers' collaboration in engaging in digitalization in the sector?**
32. The Worker Vice-Chairperson, with reference to the issue of what had worked and what had not worked in promoting decent work in the financial sector, particularly in the context of digitalization, indicated that it was important to focus on whether and in what manner collective bargaining had been effective. It was therefore necessary to evaluate the measures that had been taken to promote decent work in the sector, and to ensure its contribution to sustainable development. While digitalization was clearly a global issue, digitalization and automation in the sector were being introduced at different speeds in different places. Differences of

implementation meant that the issues to which priority was given might take on differing levels of importance, depending on circumstances, although it should always be guided by respect for fundamental principles and rights at work, as set out in ILO standards. In general, priority tended to be given in automation to efficiency and cost reduction. Workers were sometimes only informed once decisions had been taken. It was therefore important to recall that several ILO instruments called for the involvement of workers in the introduction of new technology. These included the Employment Policy Convention, 1964 (No. 122), the Employment Policy (Supplementary Provisions) Recommendation, 1984 (No. 169), and the Labour Clauses (Public Contracts) Convention, 1949 (No. 94). It was key for workers to be involved in the whole process of the selection, introduction and implementation of technology in order to avoid resistance, assess skills and training needs and examine the consequences in terms of potential job reductions and benefits, such as the reduction of repetitive work. It should also be recalled that the behavioural data of workers and customers was being used for the creation of AI. Transparent policies were therefore needed on the use and protection of data, and should be developed through social dialogue. However, the participation of workers in such policy development was currently almost non-existent in many cases.

- 33.** It was clear, as indicated by other speakers, that the digitalization of the sector brought opportunities to reach out to population groups that did not have access to the banking system. The persons concerned were outside the banking circuit, and in broader terms were generally excluded from citizenship rights in their broadest sense. It was therefore important to ensure that the digitalization of the sector was not governed by AI, but was determined by professionalism, emotional intelligence and an understanding of the situation of those concerned, which required human interventions, eventually supported by technology. With reference to a comment made by the Employer Vice-Chairperson regarding opportunities for the sale of financial products using AI, it was vital to recall that, while such an approach might offer opportunities, it also gave rise to many risks, such as the generation of unpayable debt through consumer credit, which could radically worsen the situation of vulnerable families. A responsible modern financial system therefore needed to be human-centred and focused on sustainable development. The Workers had developed a protocol for the responsible sale of financial products which could serve as a basis for broader dialogue and implementation through collective bargaining.
- 34.** The widespread introduction of remote work during the COVID-19 pandemic had been welcomed by most workers as a means of retaining their jobs, complying with social distancing rules and avoiding the spread of COVID-19. Remote working continued to be implemented, even where social distancing measures had been relaxed. In this respect, the most effective policies had been developed through collective bargaining. However, in other cases, such policy measures had been introduced with the sole aim of cutting costs, opening up the possibility of more precarious working conditions. A key issue of remote work was the right to disconnect. In the urgency to have recourse to remote working during the pandemic, many issues had been left aside, and workers had collaborated to ensure continued service with professionalism and commitment to their employers and customers. Nevertheless, without regulation and collective bargaining, there was a greater risk of long-term problems emerging that could not yet be assessed. When reference was made to the right to disconnect, this implied the need to respect all the rules on OSH, working time and workers with family responsibilities, among others. It was not sustainable to expect workers to be available around the clock. Moreover, very few workers had their own office at home, and a large number of workers had to juggle both work and responding to family needs. A globalized banking system that worked 24 hours a day could not expect workers to be available all day long, in violation of international and national standards and rules, which would put at risk the mental and physical health of workers and their families. Indications of the mental health effects of remote work were being noted. One solution was for the development of

community centres to provide the necessary human support. In the long-term, remote work should be voluntary and employers should be responsible for providing appropriate equipment and furniture.

- 35.** The financial sector had evolved and new entities, such as fintechs, had emerged, in which there was a widespread lack of recognition or distortion of the employment relationship. It was therefore important to emphasize that the expansion of the sector should be accompanied by an expansion of rights. All workers, irrespective of their current employment situation, must enjoy respect for their fundamental rights to freedom of association and collective bargaining. Finally, it was clear that the issues of data security and cyber criminality were of great concern. However, it should also be recalled the need to protect workers who observed and reported cases of corruption or the sale of high-risk financial products which had not been adequately assessed for the consequences, as had been seen in the 2007–08 crisis. In that sense, the protection of whistle-blowers in the sector was key to the sustainability of the system.
- 36.** A Worker representative reported two examples of the social partners being involved in the development of fintechs. In Denmark, the social partners had been engaged since 2015 with other stakeholders in building a fintech sector, leading to the recent conclusion of the first collective agreement. The basic approach was that fintechs could drive innovation and job creation in the financial sector, but should compete on innovation, services and products, not on working conditions. It was important for fintechs and the financial sector to compete on equal terms. In Denmark, the approach adopted was for fintechs to compete under the same conditions as the existing financial sector, based on acceptance that effective social dialogue was a precondition for sustainable enterprises. Another interesting example was the case of Singapore, where a tripartite model had been actively used to support the development of the financial sector through the reskilling and upskilling of workers. For example, the Development Bank of Singapore had involved workers in its digital transition and offered job guarantees to all employees. Half of the workforce had been reskilled through the implementation of reskilling and upskilling programmes. The Government, industry and trade unions in Singapore had agreed that a successful digital transition needed to include workers and focus on intensive reskilling and upskilling.
- 37.** A Worker representative reaffirmed the essential role of social dialogue in the successful digitalization of the financial sector through the conclusion of agreements that ensured that no workers were left behind. In contrast, in Australia, there was a social dialogue deficit and workers in the sector had not had a place at the table when measures had been introduced in response to the COVID-19 pandemic. For example, it had been necessary to campaign to achieve paid vaccination leave, which had been agreed in other countries through collective bargaining. Social dialogue was necessary to ensure respect for workers' rights, wherever they worked and lived.
- 38.** The Employer Vice-Chairperson recalled that the benefits of digital transformation were already present and that new opportunities would continue to emerge in terms of decent and sustainable work. A key element to ensuring a successful digital transformation was to understand its complexity and multifaceted nature, including the wide array of alternatives available for new services and information processing channels. While imperative for all businesses, digitalization was not a given and required time and an enabling business environment. Digitalization also required massive investment, a company-wide strategy and innovation-friendly framework conditions. However, suitable conditions were still lacking in many countries, where financial market regulations created unjustified barriers to the development of new technologies. A conducive framework for enterprises involved placing digital transformation at the top of the policy agenda, backed by strong political commitment to large-scale public investment in digital infrastructure, in order to overcome digital gaps, which accounted for around half of the world's

population, or 3.9 billion people, 90 per cent of whom were in developing countries, not having access to the internet. That would require comprehensive and coherent policies which promoted new business models, financial access, financial capability, innovative products and new delivery mechanisms. Those policies should go hand-in-hand with policies aimed at raising productivity. Support for innovation and the adoption of cutting-edge technologies should include incentives for investment in research and development and technologies so that enterprises could benefit from decreasing marginal costs. Existing policy frameworks would need to promote investment in digital finance and entrepreneurship in financial technology development, be more responsive to the needs of the sector and move away from innovation-inhibiting regulation. This was critical as there was a risk that, in a context of fast-paced technological change, regulations would become outdated or obsolete even more rapidly, especially if they were prescriptive or technology-specific.

- 39.** Social dialogue could be helpful in finding solutions to overcome some of these obstacles. By involving employers' organizations in the design, elaboration and implementation of new policy frameworks, policies could be more responsive to the situation on the ground and the needs of the industry. The sector had a long history of strong and successful social dialogue, including the 2021 Joint Declaration on Remote Work and New Technologies by the European social partners in the banking sector, which could be effective in framing the digital transformation. Another key element that could not be overstated was the need to anticipate future skills needs in order to reduce skills mismatches and unemployment. Adequate education and vocational training systems, skills development, upskilling and reskilling programmes all needed to be developed to take market needs into account. Moreover, soft skills, such as critical thinking and problem solving, were equally important core skills. In this context, a culture of change was essential from both management and the workforce. Digital transformation depended less on revolutionary technology, and more on changing the way in which enterprises and workers approached their work. Ultimately, the promotion of a culture of change in the workforce could determine the degree of success or failure of digitalization. Moreover, if digitalization was to be sustainable in the long term, there was a clear need to foster access to digital finance and maintain public trust in payment systems and infrastructures, and in the ability of banks to protect data, as both workers and consumers had become more sensitive to privacy issues. While banks were now investing huge amounts in cybersecurity, their efforts alone would not be sufficient to eliminate all the risks. To reap the full benefits of the digital transformation, many obstacles still needed to be overcome.
- 40.** An Employer representative considered that digitalization represented the most important transformation in recent years. Even without the effects of the pandemic, digitalization was vital for the management of knowledge and to enhance the ability to emerge successfully from the current period of transformation. With regard to good practices, the tripartite model would facilitate digital transformation by ensuring that governments, employers and workers worked together to adapt to the new reality. In Latin America, some countries faced limitations in terms of access to knowledge, especially among certain groups of the population. In Colombia, the challenge was being addressed through the active involvement of the tripartite constituents, with technical support from the Government and national training institutions, so that training could be adapted to provide young persons in particular with the knowledge and skills that would be required. Collective bargaining and other forms of participation were therefore instrumental in the development of more egalitarian policies that would benefit society more broadly and facilitate the process of transformation.
- 41.** The Employer Vice-Chairperson welcomed reference to the examples of Denmark and Singapore, which were good illustrations of the effectiveness of a tripartite approach to reskilling. Employers

believed in the value of social dialogue as a means of solving problems. There were also good examples at the European level. Social dialogue was a multifaceted process within the context of which a variety of tools could be used to further enrich the process of transformation, depending on the situation and traditions. The case of Denmark was a good illustration of how fintech should face the same risks and be covered by the same rules and supervisory regimes as the financial sector in general.

42. In terms of what had worked and had not worked, it should be recalled that banking was one of the most highly regulated sectors, which made digitalization a particular challenge in the sector, as well as an important opportunity. An effective education system was essential, which was primarily the responsibility of governments, although responsibility should also be shared with the social partners for ensuring appropriate skills training and an appropriate mindset. The existence of the digital gap could not be overlooked, and it should be recalled that increased digitalization could help in the inclusion of hitherto excluded categories of the population. Although reference had been made during the discussion to the right of workers to disconnect, he was unaware of any reference to such a right in ILO terminology. It would be more appropriate to frame the issue in terms of an improved work–life balance, which could be achieved through collective bargaining and the adaptation of laws to changing conditions. Reference had also been made to violence and harassment, which was clearly a significant workplace issue, including in the context of remote working. In Italy, a protocol had been adopted in the banking sector to address this issue, which once again showed the value of social dialogue and collaboration in identifying problems and finding the appropriate solutions.
43. A Worker representative said that it was important to take the opportunity to discuss new ideas, particularly on how to address the changing work environment in the sector, and especially the trend towards remote working and the adaptation of existing laws and regulations to cover the new forms of work. Argentina was an example of a country in which progress had been made in addressing new types of work. It was important for remote working to be voluntary and for workers to be able to return to the workplace. The right to disconnect should be recognized in law and workers should have schedules which were adapted to their family responsibilities and personal needs. In the case of remote work, agreements should require employers to cover the costs of the necessary equipment and other relevant costs, including connectivity. There was a need for fuller negotiation based on better knowledge of the available options, so that workers were able to contest or accept proposed changes. There was a strong union in Argentina and much had been achieved in collaboration with the Government. Collective bargaining and effective social dialogue had a vital role to play in identifying and addressing bad practices which could have harmful effects on workers, and should, for example, prevent workers from being required to work remotely and ensure that remote work was chosen on a voluntary basis.
44. The Government Vice-Chairperson said it was important for governments to consider the adoption of policies and measures to improve the access of users to banking and other financial services. Tripartite action was essential in the sector, particularly to improve competencies through reskilling and upskilling, ensure decent working conditions and establish the necessary rules to guarantee data privacy. The articulation between the various financial systems, both public and private, differed at the national level. However, irrespective of the systems that existed at the national level, the challenge was to ensure that the digital transformation was instrumental in overcoming constraints on the access of the population to the financial sector.
45. The Worker Vice-Chairperson said that it was not possible to improve digital skills at the necessary speed when over half of the world’s population did not have access to the internet. The population, and particularly the most vulnerable categories, needed to have access to banking services through cell phones and the internet. Digitalization was a global process, and it was

fundamental for people's real needs to be taken into account in the process of digital transformation. The emphasis placed by employers and governments on the importance of dialogue in the context of the digital transformation was therefore to be welcomed. Social dialogue, collective bargaining and agreements were essential throughout the world to ensure a satisfactory outcome for all concerned.

46. The Employer Vice-Chairperson shared the concern for the significant proportion of the population who did not have access to the internet and could not therefore benefit from digital transformation. One of the reasons for holding the present Meeting was to examine how digital transformation could be enhanced so that there was the necessary infrastructure to overcome these gaps. However, it should be recalled that the organization of work remained the prerogative of employers. While it was clearly important to involve the workforce through information sharing and consultation with workers' representatives, in accordance with national laws, that did not imply a power of veto by workers in decision-making processes.

3. What recommendations can be made for future action by the International Labour Organization and its Members (governments, employers' and workers' organizations) regarding the future of decent work in the financial service sector, in the context of digitalization and technological adaptation and the Decent Work Agenda (i.e. international labour standards and fundamental principles and rights at work; employment, social protection and social dialogue)?

47. The Employer Vice-Chairperson, on the basis of the discussion, put forward some key recommendations for the promotion of successful digital transformation, job creation, productivity growth and higher income generation in the sector. Governments needed to provide an enabling environment to support enterprises in their digital transformation. The main elements of government support in that respect had been outlined during the debate on point for discussion No. 2. However, in general terms, government interventions should be based on the overarching framework set out in the conclusions adopted by the 96th Session of the International Labour Conference (the Conference) in 2007 concerning the promotion of sustainable enterprises. In particular, there was a requirement for large-scale public investment in digital infrastructure. With a view to the development of the necessary enabling environment, governments should work closely with the private sector, especially through employers' organizations, which were aware of the real situation and the measures needed to benefit the industry. The creation of an enabling environment with the participation of industry representatives was particularly important as digitalization was a journey with constant changes influenced by other policies. It not only required flexible labour markets, but also responsive education and training to develop problem-solving skills, entrepreneurship in fintech and creative thinking. Sustained investment in digital infrastructure was of the utmost importance in ensuring the transition. Business ecosystems for the digital age required a regulatory environment that fostered trust and the rapid evolution of technologies required speedy adjustment to ensure trust in digital goods, promote interoperability between digital products and address privacy and security challenges. It would be necessary to further develop physical and digital infrastructure at the local level, in both rural and urban areas.
48. Skills development was essential, and was an area in which governments should maintain close contact between education systems, training institutions and employers to ensure that students

and workers had the skills and competencies that were required by employers. By playing a leading role in investing in programmes to provide skills training to under-represented and underutilized workers, governments could make a major contribution to addressing certain diversity concerns in the sector and tackling the digital divide. The social partners should also be involved in policy formulation and promote a proactive approach to digitalization, including through the provision of guidance to their members on how to make the most of the opportunities and deal with the challenges. They should promote a culture of change to digital technologies. Governments could be a key ally in these efforts by building trust among the social partners and mitigating possible adverse reactions to change.

- 49.** The Office could conduct a number of specific activities. It could play a key role in providing guidance on effective policies aimed at harnessing the fullest potential of technological progress and digitalization, particularly through capacity-building for SMEs. Such policies were key to generating full, productive and freely chosen employment and decent work opportunities for all, as set out in the ILO's Centenary Declaration. The Office should also provide support for government efforts to promote innovation and boost productivity, including through the introduction of new business models. It could provide targeted guidance, especially for SMEs, to adopt new technologies in their business models, with specific emphasis on enhancing productivity. In support of evidence-based policymaking, the ILO should conduct targeted research on the impact of digitalization on employment trends in the sector, with particular reference to job creation, job transition and replacement. The ILO also needed to become a global leader on skills development and employment issues, with the focus on directing and strengthening investment in skills development and lifelong learning to facilitate successful labour market transitions and reduce skills mismatches in the digital area. It also needed to do more to strengthen the capacity of the social partners to participate effectively in the design and governance of skills and lifelong learning policies and systems, for example by conducting studies on future skills needs as a basis for informed social dialogue. The ILO should design and implement development cooperation projects that fostered digital inclusion within and between countries, taking into account their diverse circumstances, needs and priorities.
- 50.** The Worker Vice-Chairperson emphasized that social dialogue was the best way of responding to the challenges of the world of work. The implementation in law and practice of international labour standards was therefore the first commitment to be expected from ILO constituents, with particular reference to the inalienable rights of freedom of association and collective bargaining. Transnational collective bargaining was key for the sector, and to ensure respect for labour rights along supply chains and in the sale of financial products. As recognized by the 109th Session of the Conference in 2021 in its conclusions concerning inequalities and the world of work, social dialogue, including collective bargaining, contributed to the fair distribution of the gains generated through value added along global supply chains. It was clear that during the COVID-19 crisis, the financial sector had generated incredible profits, but they had not necessarily translated into better wages. Transnational collective bargaining, which already existed in a number of cases, needed to help redistribute profits fairly for workers in the sector.
- 51.** Change was taking place at an unprecedented rate and was creating inequality, both in terms of the digital divide and the sustainable and highly globalized development of the sector. It could be beneficial to examine closely digital change in the sector as a pilot for other areas, as the characteristics of financial services, in which several products could be digitalized, set it apart from other areas of production and services, where digitalization was likely to be slower or more focused. The introduction of new technologies in the world of work should not be divisive, and the various parties should collaborate with a view to providing inclusive opportunities and tools through digitalization. In relation to the digital divide, it was clear that a significant number of

those using banking services would continue to need and use more traditional physical institutions and services. Many workers in the sector would therefore continue to work in traditional ways, which would be valuable in bringing the most vulnerable population groups to the sector and helping them gain access to credit and insurance, collect pensions and use bank accounts. Such work would continue to require initial and ongoing vocational training.

- 52.** The conclusions adopted by the Meeting concerning the adoption of new technologies would have to take into account the dynamism of the sector, as the use of AI would undoubtedly increase markedly over the years and decades to come, with a clear impact on working methods. One way of ensuring a dynamic approach was through such tools as an observatory of collective bargaining, which could focus on monitoring clauses in agreements related to such areas as technology, training and automation, particularly as it was a highly formalized sector with significant levels of technical bargaining. Such an observatory could provide a clear picture of change in the sector at regular intervals, which would provide a solid basis for stakeholders to address new challenges and make progress in the implementation of international labour standards, the achievement of broader social goals and the reduction of inequalities. The proposal would give effect to the commitments undertaken at the 2009 Global Dialogue Forum on the Impact of the Financial Crisis on Financial Sector Workers, which had called for a continuous process to be put in place – involving the social partners from the financial sector – to monitor and observe the impact of the crisis and reforms related to the employment, social and labour aspects of the sector, and had encouraged the ILO to collect information, monitor and analyse employment trends in the financial sector and provide advice on the employment, social and labour dimensions of proposals put forward by international institutions in the context of the crisis. It had also emphasized the need for ILO constituents in the financial sector to be fully involved in such action and for the ILO to disseminate the results in a timely manner. Those conclusions had been adopted in 2009, since when the world had changed in unimaginable ways. No one could afford to wait another decade or more before taking action. Moreover, a dynamic instrument in the financial sector would allow the ILO to be more relevant in the multilateral system, and particularly in its dialogue with the institutions responsible for regulating the financial system and international trade, thereby placing its tripartite constituents at the centre of the relevant debates and ensuring a stronger place for labour rights on the international agenda.
- 53.** The discussions had clearly shown that telework was now a reality that would persist even when the COVID-19 crisis ended. The Meeting should therefore call on Member States to reflect upon and adopt measures to make the right to disconnect a reality. A recent ILO report on working from home showed that the legislation in several countries was already moving in that direction and towards a strengthening of respect for the fundamental labour rights of freedom of association and collective bargaining in the regulation of teleworking, as an essential means of ensuring other rights such as working hours, OSH, protection against cyber harassment and respect for the requirements of workers with family responsibilities. The conclusions of the present Meeting should also call for a reinforcement of measures for the protection of data and privacy, as recognized in the Centenary Declaration, which called for “policies and measures that ensure appropriate privacy and personal data protection, and respond to challenges and opportunities in the world of work relating to the digital transformation of work, including platform work”. Finally, as the introduction of digitalization differed in the various regions, rather than global dialogue, emphasis should be placed on the organization of a series of regional meetings to assess the different realities and challenges at the regional level.
- 54.** A Worker representative further affirmed the value of collective bargaining in reaching agreements on digitalization in the sector, as reflected in several dynamic agreements concluded in Spain, which endorsed positive outcomes in addressing the new challenges emerging in

relation to digitalization, and particularly remote working and the related rights. The unions concerned had been able to renegotiate rights relating to OSH and teleworking, with a restructuring of the respective terms and conditions of employment and working conditions. The workers' representatives concerned had been successful in ensuring that digitalization was not introduced unilaterally, and that the interests of the workforce were taken into account. They had revitalized and renegotiated digital rights, such as the right to disconnect, the right to privacy, the right to use certain images, the use of AI and the right to digital training. It was particularly important in the rapidly evolving context of the digitalization of the sector for negotiations between the partners to be ongoing and to take rapidly into account instances of technological and other forms of progress.

55. Another Worker representative said that in Italy workers in the insurance industry faced similar challenges to those referred to by other speakers. The pandemic had resulted in the acceleration of the digitalization process, with remote working being used by many enterprises. In view of the resulting challenges, it had become even more important for workers to be organized collectively so that they could deal more effectively with such pressing issues as the right to disconnect, the development of skills in the areas of AI and the use of digital tools, and the management and planning of workloads. In particular, telework had heightened the digital divide because of a lack of digital infrastructure. Moreover, while some forms of insurance were compulsory for all workers, their conditions were not adapted to the situation of teleworkers. A new legal and ethical framework was needed to take more fully into account the new situation faced by workers, particularly those engaged in teleworking, which could take inspiration from the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (the MNE Declaration). The ILO should use its influence to ensure that the digital transition in the financial sector offered added value for all stakeholders.
56. The Government Vice-Chairperson recalled that it was essential for the ILO to assist all constituents in the monitoring and implementation of the fundamental Conventions and provide support for tripartite discussion in all countries. The ILO should undertake studies on digitalization, in particular in countries where there was a lack of appropriate digital infrastructure, and should disseminate good practices. The ILO should be the driver in ensuring decent work in the sector and in encouraging workers and employers to play a greater joint role in dealing with the implications of digitalization. Digitalization offered an important opportunity to reduce the social and digital divide and to facilitate much broader access to financial services. Technological progress facilitated national development and it was important to ensure that social dialogue played a primary role in determining the way forward.

► IV. Consideration of the draft conclusions

57. The Meeting nominated four representatives from each group to form a working party on conclusions, which met on the afternoon of Thursday, 27 January 2022 to examine the draft conclusions drawn up by the Office on the basis of the discussions held on the previous days. The working party was able to reach agreement on many of the draft conclusions. It highlighted other conclusions on which agreement was still to be reached.
58. The members of the working party on conclusions were: Government members: Mr Juan Francisco Pozo Mejía (Vice-Chairperson, Ecuador), Ms Eva Patricia Pires (Brazil), Ms Isabele Jacob Morgado (Brazil), Ms Sonia Zoghلامي (Tunisia) and Mr Mustafa Aydin (Turkey); Employer members: Mr Giancarlo Ferrara (Vice-Chairperson), Mr Jens Thau, Mr Mohammadhassan

Ahamdpour and Mr Enrique Ignacio González Bacci; and Worker members: Ms Rita Berlofa (Vice-Chairperson), Mr Michael Budolfson, Mr Moses Lekota and Ms Anna Maria Romano.

59. At its plenary meeting on Friday, 28 January 2022, the Meeting confined its discussion to the draft conclusions set out in document TMDFS/2022/6 on which agreement was still pending.

Challenges to and opportunities for decent work in the context of digitalization, and other key drivers of change

Proposed paragraph 2

60. The Executive Secretary indicated that during the discussions in the working party, the Office had been requested to reformulate the text of the proposed paragraph to focus more fully on the direct employment provided by the sector for young people and women, as well as its role in employment creation in developing countries.
61. The Employer Vice-Chairperson, the Worker spokesperson and the Government Vice-Chairperson supported the new formulation of proposed paragraph 2. It was so agreed.

Proposed new paragraph after paragraph 4

62. The Worker spokesperson indicated that agreement on the wording of the proposed new paragraph was conditional on acceptance of proposed paragraph 4. In light of the acceptance of proposed paragraph 4 by the Employer Vice-Chairperson, and following further discussion and agreement on the reference to social dialogue in proposed paragraph 6, the Worker spokesperson agreed to replace the words "Social dialogue in all its forms, particularly including collective bargaining, is a key tool" by the words "Social dialogue is a key tool".
63. The Employer and Government Vice-Chairpersons indicated that they supported the proposed new wording. It was so agreed.

Proposed paragraph 6

64. The Employer Vice-Chairperson said that it was necessary to adopt a uniform wording to refer to social dialogue throughout the proposed conclusions.
65. The Worker spokesperson recalled that agreement to adopt a simplified reference to social dialogue in the proposed new paragraph after paragraph 4 had been conditional on a fuller reference to social dialogue in proposed paragraph 6. The proposed wording in the second sentence "Social dialogue in all its forms, including collective bargaining" should therefore be retained.
66. The Employer Vice-Chairperson proposed the addition, after collective bargaining, of the words "where it exists". He recalled that the existence of collective bargaining was dependent on national industrial relations systems and that it was not a mechanism that existed everywhere.
67. Following further consultations, the Worker spokesperson, in light of the agreement reached with the Employers' group concerning the references to social dialogue throughout the proposed conclusions, proposed that the words "Social dialogue in all its forms, including collective bargaining" be replaced by the words "Social dialogue in all its forms, including collective agreements, where they exist".
68. The Employer and Government Vice-Chairpersons indicated that the proposed wording was acceptable. It was so agreed.

Proposed new paragraph following paragraph 6

69. The Worker spokesperson and the Employer and Government Vice-Chairpersons indicated that they supported the wording of the proposed new paragraph. It was so agreed.

Harnessing the fullest potential of technological innovation in the financial sector to achieve decent work, sustainable enterprise development and financial inclusion

Proposed paragraph 8

70. The Employer Vice-Chairperson said that the proposed reference to “social dialogue in all its forms, including collective bargaining”, or alternatively “with collective bargaining at its heart” gave rise to problems in the present proposed paragraph, as elsewhere in the conclusions. While the Employers in no way doubted the importance of collective bargaining as a right, it was necessary to recognize that in reality collective bargaining was not practiced in all countries. The wording could be acceptable if it was followed by the words “where it exists” or “where appropriate”. Moreover, although social dialogue could take many different forms, including cooperation, the proposed wording focused on one type of dialogue, namely collective bargaining, while ignoring all the others.
71. Another Worker spokesperson requested clarification on the matter from the Office. Collective bargaining was a right set out in ILO standards, and it was therefore out of place to question its existence.
72. The Legal Adviser indicated that the wording as currently proposed clearly qualified the existence of collective bargaining as a right by implying that it did not exist in certain situations, and appeared to accept situations in which collective bargaining was lacking or even prohibited. It should be recalled that the right to collective bargaining was set out in one of the ILO’s eight fundamental Conventions. The use of the words “where appropriate” in that context further implied that there might be situations in which collective bargaining was not appropriate.
73. The Worker spokesperson said that there was no place for any doubt about the existence of a fundamental right.
74. Following further consultations and agreement on the manner in which reference should be made to social dialogue throughout the proposed conclusions, it was proposed that the various pending proposals for wording relating to social dialogue at the end of the paragraph should read simply “through social dialogue”. With the support of the Worker spokesperson and the Employer and Government Vice-Chairpersons, it was so agreed.

Proposed paragraph 12

75. The Employer Vice-Chairperson considered that it was important to retain the words “effectively enhance productivity” in the first sentence, which had been placed in square brackets following the discussions in the working party. However, the words “and collectively negotiated” should be removed from the second sentence.
76. An Employer spokesperson added that the words “the right to digital disconnection” and the related phrases should be replaced by a reference to respect for working-time agreements, the right of workers not to engage in work-related activities and communication outside working time, work–life balance, and privacy and data protection, in line with national laws and regulations.

77. The Worker spokesperson emphasized the importance of retaining the reference to collectively negotiate measures respecting remote work and other work arrangements in the first part of the proposed paragraph. Moreover, it was important to retain a reference to fundamental principles and rights at work.
78. The Government Vice-Chairperson considered that the text as originally proposed by the Office was more meaningful.
79. Following further consultation and in light of the agreement reached concerning the balance between the various proposed paragraphs, it was agreed that the words “effectively enhance productivity” would be retained in the first sentence, alongside “and foster inclusion”. The second sentence would be reworked to read: “Remote work arrangements should be voluntary, negotiated and should guarantee the fundamental principles and rights at work.” Finally, the agreed formulation would be used in the last sentence to cover the subject of digital disconnection. With the support of the Worker spokesperson and the Employer and Government Vice-Chairpersons, it was so agreed.

Proposed paragraph 15

80. An Employer spokesperson noted that a different formulation covering social dialogue was proposed in the present paragraph, which reflected wording that was widely accepted within the ILO. It would be desirable to bring the other references to social dialogue into line with the wording in proposed paragraph 15. However, the reference in the proposed paragraph to international framework agreements raised problems for the Employers’ group in the ILO. Such agreements were negotiated directly between workers and multinational enterprises, without the involvement of employers’ organizations, and should not be included in the present text. However, the reference at the end of the proposed paragraph to other types of agreements between the social partners, such as joint declarations, was welcome and could even be expanded.
81. A Worker spokesperson emphasized the important role played by the social partners in many instances in promoting responsible investment, including through the agreement in the banking sector concluded at the European level, to which over 270 banks were now signatories. The resistance to including references to collective agreements in the draft conclusions was surprising and a source of sadness. The social partners in the sector had a good record of the conclusion of agreements, particularly at the European level, and would be very reluctant to adopt a weaker position at the present Meeting.
82. The Employer spokesperson emphasized that the intention was not to question the importance of collective bargaining. While the collective bargaining situation in Europe was encouraging in the sector, the same did not apply elsewhere. The real issue was the coherence of the language used throughout the conclusions.
83. The Government Vice-Chairperson said that it was important to retain the notion of agreements between the social partners which contributed to the development of responsible financial products.
84. The Secretary-General suggested that reference could be made to the role that social dialogue, rather than collective agreements more specifically, could play in the development of responsible financial products. It might be helpful if the reference to the importance of social dialogue were more focused. Language had been agreed in previous meetings that could help resolve the issue.
85. The Employer spokesperson, following further consultations, agreed that the inclusion of a reference to the role of social dialogue in developing responsible financial products was

appropriate. However, the Employers believed that the reference to international framework agreements should be removed. The purpose was not to deny the existence of such agreements, but to make the text less specific.

86. The Worker spokesperson recalled that workers' organizations had a good record of engaging with multinational enterprises to conclude agreements. He agreed that reference should be included in the text to the joint declarations agreed in Europe covering the banking and insurance sectors.
87. On the basis of the discussion, it was agreed that the reference would be retained in the first sentence to collective bargaining being at the heart of social dialogue. Reference would be made to the role of social dialogue, rather than collective agreements, in developing responsible financial products and in devising regulations and policies that were responsive to the needs of sector. Reference would also be made to the joint declarations at the European level covering the banking and insurance sectors. With the support of the Worker spokesperson and the Employer and Government Vice-Chairpersons, it was so agreed.

Recommendations for future action by the International Labour Organization and its Members

Proposed subparagraph 16(a)

88. The Employer spokesperson expressed a preference for the original wording proposed by the Office, which ended with the words "in the financial services sector".
89. The Worker spokesperson proposed the deletion of the words "and sustainable". With the support of the Employer and Government Vice-Chairpersons, it was so agreed.

Proposed subparagraph 16(g)

90. A Worker spokesperson proposed rephrasing that placed greater emphasis on the promotion of cooperation in the development of the related policies and strategies, and on the need, with a view to safeguarding the right of workers to disconnect, to respect working-time agreements, the right of workers not to engage in work-related activities and communication outside working time, to promote a work-life balance and to address issues relating to privacy, cybersecurity and data protection, algorithmic decision-making and the protection of whistle-blowers.
91. With the support of the Employer and Government Vice-Chairpersons, it was so agreed.

Proposed paragraph 17

92. The Employer Vice-Chairperson preferred the term "all workers", rather than "all engaged".
93. A Worker spokesperson asked for clarification from the Office concerning the workers and employers protected by international labour standards.
94. The Legal Adviser indicated that specific Conventions defined their scope in terms of the workers covered, which could vary, for example, between all workers, specific categories of workers, or all workers in a specific sector, such as in the standards covering domestic workers or seafarers. Some Conventions did not contain provisions setting out their personal scope of application, while other standards, such as those covering violence and harassment, to take a recent example, covered a whole range of parties in addition to workers. The scope of application of specific standards therefore needed to be understood on a case-by-case basis.

95. A Worker spokesperson indicated that the language used in the proposed paragraph was taken from the conclusions concerning decent work in global supply chains adopted by the 105th Session of the Conference in 2016 and was therefore already agreed language which offered consistency.
96. Following further consultation, it was agreed to use “all workers”. With the support of the Worker spokesperson and the Employer and Government Vice-Chairpersons, it was so agreed.

Proposed subparagraph 18(e)

97. The Worker spokesperson emphasized the importance of organizing meetings and monitoring at the regional level in view of the regional differences seen in the process of digitalization in the sector.
98. An Employer spokesperson considered that the problem with the proposed wording was that it was both too broad and not sufficiently inclusive. The problem was not the proposal to hold regional meetings and workshops, but that they might exclude other types of activity. Another Employer spokesperson added that lists, such as the one proposed at the end of the subparagraph, were always limiting and liable to exclude important issues. It would be better to adopt more open wording, such as “to ensure that digitalization provides decent work in the sector”, which would encompass all the matters currently set out in the list.
99. The Worker spokesperson considered that the proposed wording was already fairly broad, but that it could be made more inclusive through the addition of the words “and other relevant topics as deemed pertinent”.
100. With the support of the Worker spokesperson and the Employer and Government Vice-Chairpersons, and some editorial input by the Office, it was so agreed.

Proposed subparagraph 18(f)

101. The proposed subparagraph consisted of three differing proposals each placed in square brackets by the working party. The first called for an observatory to collect good practices and data and develop research on digitalization in the finance sector. The second proposed an observatory of collective bargaining in the financial sector with regular reports. And the third focused on the creation of a database of collective bargaining practices on digitalization in the financial sector.
102. The Employer Vice-Chairperson said that any proposed observatory should focus more broadly on digitalization in the sector.
103. The Worker spokesperson added that it was important for the observatory to also focus on industrial relations in the sector.
104. The Secretary-General, in response to a request for clarification by the Government Vice-Chairperson, said that further clarification was needed on the concept of an observatory. As the proposed activity focused on data collection and research, it might be possible to consider merging proposed subparagraphs (c) and (f), which both concerned data collection.
105. The Government Vice-Chairperson supported the proposed merger of subparagraphs (c) and (f) and requested further clarifications on the concept of an observatory.
106. The Worker spokesperson indicated that the situation with regard to digitalization in the sector, and its effect on working conditions, was changing so rapidly that any data collected would need to be constantly updated to remain useful. The proposal of an observatory was therefore intended to ensure ongoing monitoring and data collection to provide a dynamic picture of what was happening in the sector.

107. The Government Vice-Chairperson noted that an observatory appeared to consist of a fixed structure, but that no proposal was being made concerning the resources required for such a structure. It would therefore be preferable to refer to data collection and to omit the concept of an observatory.
108. An Employer spokesperson agreed with the proposal to merge subparagraphs (c) and (f), but considered that the reference to a fixed structure should be removed. Another Employer spokesperson added that the merger of the two subparagraphs should cover the collection and dissemination of both data and good practices.
109. The Worker spokesperson explained that the proposal of an observatory was intended to ensure regular monitoring and reporting, rather than the establishment of another structure.
110. The Secretary-General said that the merged subparagraphs could include a reference to regular dissemination.
111. With the support of the Employer and Government Vice-Chairpersons and the Worker spokesperson, it was so agreed.

Appendix: Non-exhaustive list of ILO declarations, instruments and tools referred to in the technical meeting on the impact of digitalization in the finance sector

112. The Employer Vice-Chairperson proposed the inclusion of a footnote in the appendix in relation to the Labour Clauses (Public Contracts) Convention (No. 94) and Recommendation (No. 84), 1949, and the Employment Relationship Recommendation, 2006 (No. 198). The footnote would read as follows: "The inclusion of these international labour standards in this appendix was not supported by the Employers' group."
113. The Legal Adviser, in response to a request for clarification by the Workers' group concerning the inclusion of the proposed footnote, noted the indication by the Employer Vice-Chairperson that the purpose of the footnote was to recall that the Employers' group had not supported Convention No. 94 or Recommendations Nos 84 and 198 when they had been adopted by the Conference. He noted that the title of the appendix indicated that its purpose was merely to provide a non-exhaustive list of ILO declarations, instruments and tools referred to during the Meeting, and that no reference was made to the status or hierarchy of the declarations, instruments and tools listed in the appendix. Moreover, no reference was made in the body of the proposed conclusions to the appendix or its purpose. He indicated that a problem might arise if anything in the appendix, such as the proposed footnote, called into question decisions adopted by consensus in the Governing Body concerning the status of the standards listed in the appendix. At present, the mechanism in the Government Body that was responsible for examining the status of international labour standards was the Standards Review Mechanism Tripartite Working Group (SRM TWG). In this respect, he recalled that neither Convention No. 94 or Recommendation No. 198 were included in the programme of work of the SRM TWG and that their current status was "up to date". In contrast, Recommendation No. 84 was included in the programme of work of the SRM TWG, but had not yet been examined by the TWG. Its status was currently "request for information". The question therefore arose of whether the proposed footnote undermined in any explicit or implied manner the status of the two instruments classified as being up to date. That did not appear to be the case, as the wording of the footnote merely indicated that the Employers' group did not support the inclusion of those standards in the appendix.
114. He added that groups were of course free to express their views on the matters under discussion. In this respect, it should be recalled that article 12 of the Standing Orders for technical meetings,

concerning the adoption of decisions, provided that: “Decisions shall be taken by consensus. Representatives shall make every effort to reach an agreement that is generally accepted, so that a decision can be adopted without formal objections. In such cases, any dissenting positions or reservations shall be placed on the record without however constituting an impediment to the adoption of the decision in question.” It was therefore clear that the Meeting should endeavour to reach decisions by consensus, and that any divergent views should be placed on the record of proceedings, drawn up in accordance with article 16 of the Standing Orders. The fact that any similar footnotes had been adopted in previous meetings should not serve as a precedent in this respect.

115. The Employer Vice-Chairperson, in light of the opinion of the Legal Adviser, withdrew the proposed footnote, requesting that the record of proceedings reflected that the Employers’ group did not support the inclusion of Convention No. 94 and Recommendations Nos 84 and 198 in the appendix.
116. With the support of the Worker spokesperson and the Employer and Government Vice-Chairpersons, the appendix was approved.

▶ V. Adoption of the conclusions

117. The conclusions of the Technical Meeting on the Impact of Digitalization in the Finance Sector were adopted, section by section, as amended.

▶ VI. Closure of the Meeting

118. The Secretary-General congratulated all the participants on the successful outcome of the Meeting, which had once again demonstrated the effectiveness of social dialogue, despite the difficulties inherent in holding a virtual meeting. The ILO and its staff all looked forward to resuming in-person dialogue when it was safe to do so. Special thanks were due to all those participants who had made special efforts to participate in the Meeting despite the large and inconvenient time differences. The participants could be very proud of agreeing on important conclusions which would show the way forward for the sector and provide clear guidance to the Office. She gave thanks to the Officers of the Meeting, the groups and observers, as well as the members of the secretariat and the interpreters.
119. The Employer Vice-Chairperson gave thanks to all those involved in the Meeting, and for the help provided by the members of the Employers’ group. The outcome of the Meeting, which had been the result of lengthy and frank discussions, was to be welcomed and demonstrated the value of a strong relationship between the partners, resulting in a win-win situation. Employers believed in social dialogue and tripartism and welcomed the result of the discussions.
120. The Worker Vice-Chairperson thanked all the Officers and participants in the Meeting for their contribution to its successful outcome, despite all the obstacles. It was natural for the partners to engage in negotiation and she thanked the members of the Government and Employers’ groups for respecting the spirit of compromise. The conclusions of the Meeting recognized two important points, the right to disconnect and the role of collective bargaining in resolving issues relating to remote working. She gave thanks to the staff of the Office and the interpreters for their assistance in achieving a fine result.

- 121.** The Government Vice-Chairperson congratulated the social partners on the agreement that had been reached and welcomed the opportunity to participate in the Meeting. The participants had worked hard to achieve a robust outcome, which demonstrated the importance of the active involvement of stakeholders. The financial sector was playing a very important role in resolving the problems resulting from the COVID-19 pandemic. It was a pity that it had been necessary to hold the discussions virtually, but that had not prevented the active participation of all those involved. He joined in the thanks given to the participants, the Office and the interpreters.
- 122.** The Chairperson said that the successful outcome of the Meeting was the result of the collective efforts of the three constituents. He thanked the groups and the three Vice-Chairpersons for the tremendous efforts made to find consensus and to work in an environment of mutual respect and tolerance under very challenging circumstances. He wished to thank all those involved in the organization of the Meeting, and particularly the ILO staff and the interpreters. The conclusions adopted by the Meeting would have an impact on the work of the ILO and beyond. They emphasized the key role of the financial sector not only in the economy, but also on broader society and growth in other sectors, and its contribution to ensuring business continuity, economic recovery from the pandemic and sustainable development. Through digitalization, the sector could further contribute to generating productive employment, reducing rural–urban gaps and improving financial inclusion. The conclusions drew attention to the challenges in the sector, including the changing organization of work, OSH issues, skills gaps and mismatches, and job losses driven in part by digitalization, and to the need to focus on digital and financial inclusion and adopt policies that ensured rights at work, work–life balance, respect for working time and a better distribution of family responsibilities, especially in the context of remote work. The conclusions also emphasized that social dialogue, based on respect for freedom of association and the effective recognition of the right to collective bargaining, offered a means of addressing the impact of digitalization in the sector. Emphasizing the need to go out and ensure the implementation of the conclusions in practice, he declared the Meeting closed.